



The issuer's employees, administrative manager and the members of the management bodies who are responsible for the composition of interim consolidated financial statements for 9 months of 2008, hereby confirm that the information provided in the reports is prepared according to the applied accounting standards, reflects the reality correctly and fairly shows issuers' and consolidated general companies assets, liabilities, financial position, loss.

The General Director of Vilkyškių pieninė

Gintaras Bertašius

The Accountant-general of Vilkyškių pieninė

Lina Genienė



Date of preparation of the report:

25th of November, 2008

Place of preparation:

Vilkyškiai, Pagėgių municipality, Lithuania



Vilkyškių pieninė AB

Consolidated Interim Financial Statement
for 9 Month of 2008

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Vilkyškių pieninė AB

About the company

Name of the Issue	Public Company Vilkyškių pieninė
Authorized capital	LTL 11 943 000
Registered office	Vilkyškiai, Pagėgiai municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	centras@cheese.lt
Legal – organizational form	public company
Date and place of registration	The 10 th of May 1993
Date and place of re-registration	The 10 th of December 2005, Tauragė Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	http://www.cheese.lt

Management Board of Vilkyškių pieninė AB

The Management Board of the Issuer consists of the following persons: Gintaras Bertašius, Sigitas Trijonis, Rimantas Jancevičius, Ramūnas Šniepis, Andrej Cyba and Linas Strėlis

Director General of the Company is Gintaras Bertašius.

Significant accounting policies

Consolidated financial statements of Vilkyškių pieninė AB (company's code 277160980) are prepared following International Standards of Financial Accountability.

Balance sheet

Thousand LTL	30/09/2008	31/12/2007
Assets		
Long-term tangible assets	71 469	46 252
Goodwill	23 499	1 033
Intangible assets	326	41
Deferred tax assets	57	27
Long-term amounts receivable	1 110	950
Total long-term assets	96 461	48 303
Resources	23 617	16 452
Trading and other amounts receivable	24 168	13 675
Cash and cash equivalents	599	1 055
Total short-term assets	48 384	31 182
Total assets	144 845	79 485
Equity		
Share capital	11 943	9 353
Supplements of shares	11 396	-
Reserves	9 083	9 355
Undistributed assets	2 001	13 442
Total equity attributed to shareholders of the Company	34 423	32 150
Minority interest	67	42
Total equity	34 490	32 192
Liabilities		
Loans and financial leasing liabilities	51 697	18 177
Capital subsidies	9 038	4 607
Deferred profits tax liabilities	2 662	2 626
Total long-term liabilities	63 397	25 410
Loans and financial leasing liabilities	18 662	9 163
Profits tax payable	4	1 175
Trade and other amounts payable	28 292	11 545
Total short-term liabilities	46 958	21 883
Total liabilities	110 355	47 293
Total equity and liabilities	144 845	79 485

Profit and loss account

Thousand LTL	30/09/2008	30/09/2007	09-07/2008	09-07/2008
Sales revenue	117 674	99 411	50 813	43 116
Cost price of sales	-116 564	-82 826	-48 540	-32 192
Gross profit (loss)	1 110	16 585	2 273	10 924
Other operating income, net	635	71	271	35
Expenditure of distribution	-3 967	-1 582	-2 080	-507
Administrative expenditure	-5 191	-4 079	-2 211	-1 423
Operating profit (loss)	-7 413	10 995	-1 747	9 029
Income from financial activity	549	36	417	18
Expenditure from financial activity	-2 849	-1 063	-1 485	-369
Net financing costs	-2 300	-1 027	-1 068	-351
Profit (loss) before taxes	-9 713	9 968	-2 815	8 678
Profit tax expenditure	-62	-1 869	-14	-1 554
Net profit (loss)	-9 775	8 099	-2 829	7 124
Attributable to:				
Shareholders of the company	-9 730	8 097	-2 829	7 111
Minority interest	-45	2		13
Net profit (loss)	-9 775	8 099	-2 829	7 124
Profit (loss) per share (LTL)	-0.91		-0.26	
Reduced profit (loss) per share (LTL)	-			-

Cash flow statement

Thousand LTL	30/09/2008	30/09/2007
Cash flows from operating activities		
Net profit	-9 775	8 097
Adjustments:		
Depreciation of long-term tangible assets	4 316	2 621
Amortization of intangible assets	112	26
Capital subsidies recognized as income	-290	-184
Result of transfer of long-term tangible assets	341	-
Interest expenditure, in net value	2 139	1 063
Income tax expenditure	-	1 869
Cash flows from ordinary activities before changes in the working capital	-3 157	13 492
Change in resources	-4 019	3 301
Change in amounts receivable	-5 851	-2 732
Change in trading and other amounts payable	11 016	-1 102
	-2 011	12 959
Paid / received income, net value	-2 139	-1 063
Income tax paid	-1 153	-1 869
Cash flows from operating activities	-5 303	10 027
Cash flows form investing activities		
Acquisition of long-term tangible assets	-9 826	-5 678
Acquisition of long-term intangible assets	-332	-7
Income from sale of long-term tangible assets	1 233	-
Transfer of short-term investments	4 294	-
Investment into daughter-enterprise, minus acquired money	-30 048	-
Net cash flows from investing activities	-34 681	-5 685
Cash flows from financing activities		
Loans received	28 432	7 435
Repayment of borrowings	-1 864	-7 985
Payment of financial lease liabilities	-362	-1 353
Issue of shares	13 986	-
Dividends paid	-2 030	-2 758
Capital subsidies received	1 366	-
Net cash flows from financing activities	39 528	-4 661
Change in cash and cash equivalents	-456	-319
Net cash and cash equivalents as on the 1 st of January	1 055	891
Net cash and cash equivalents as on the 30th of September	599	572

Statement on changes in equity

Equity attributable to the Group

Thousand LTL	Share capital	Supplements of shares	Revaluation reserve	Compulsory reserve	Undistributed result	In total	Minority interest	Total equity
On the 1 st of January 2007	9 353	-	8 764	919	4 967	24 003	51	24 054
Net profit					986	986		986
Increase of value of long-term tangible assets*			-219			-219		-219
Transferred to reserves				16	-16	0		0
Dividends					-2 058	-2 058		-2 058
Other			38			38		38
Loss not included in loss and profit account					219	219		219
On the 30 th of September 2007	9 353	-	8 583	935	4 098	22 969	51	23 020
On the 1 st of January 2008	9 353	-	8 420	935	13 442	32 150	42	32 192
Net loss					-9 730	-9 730	-45	-9 775
Transfers from reserves			-317		317	0		0
Transfers to reserves			48			48		48
Dividends					-2 030	-2 030		-2 030
Issue of Company's shares	2 590	11 396				13 986		13 986
Changes of the Group							70	70
On the 30 th of September 2008	11 943	11 396	8 151	935	1 999	34 424	67	34 491

Explanatory notes

In Vilkyškiai the dairy was established in 1934, in 1985 it was closed and equipment was disassembled. In 1993 a group of people decided to recreate the company and in May of that year they have started the reconstruction in the premises of the former dairy. In November the company started separating milk, after a year the company started producing fermented cheese, and after two years butter production workshop has been opened. All the necessary service structure has been created, all dairy equipment has been changed or bought, new workshops (cheese workshop, salting workshop, freezing chamber, ripening workshop) have been built.

Vilkyškių pieninė AB is one of the most up-to-date cheese factories in Lithuania, occupying about 15 percent of Lithuanian cheese production market. According to this criterion, the company takes the fourth place among the producers of the country. Internal capacity is always increasing in the company as well: the company is increasing cheese assortment, last year it launched whey processing workshop where whey is processed into the whey concentrate. The assortment of Vilkyškių pieninė AB consists of even 11 cheese types of 56 different names and butter and butter blends of 7 names.

Vilkyškių pieninė AB started expanding in January 2006 when it has acquired controlling portfolio of shares of the company Modest UAB. Then Vilkyškių pieninė AB added to its assortment of cheeses Mozzarella cheese. This year one other strong and perspective company joint to the group of Vilkyškių pieninė AB. On the 28th of April 2008 the company finally finished the transaction of Kelmės pieninė AB acquisition and took over the title of ownership to 99.09 % of company's shares. As Kelmės pieninė AB has been connected to the group of companies of Vilkyškių pieninė AB, the company entered the market of fresh products. Kelmės pieninė AB specializes in the production of curd products.

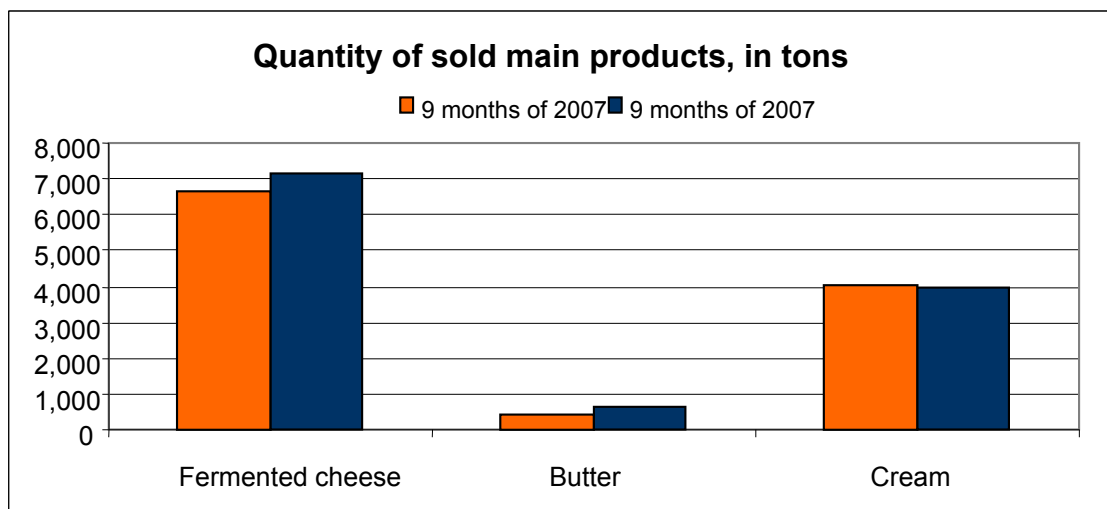
The main clients of the company are all major Lithuanian trade networks, purchasers of the EU countries and Russia. At present Prussia, Maasdam, Memel Blue and Mozzarella cheeses of higher added value are the most famous and mostly liked. The group of companies, taking advantage of fresh products' assortment of Kelmės pieninė AB, is actively entering the markets of Latvia, Estonia and other countries, and this allows for the group of companies to exploit better its productive capacities. As it has been planned, the joining of Kelmės pieninė AB provides with the possibility to exploit effectively common strategy of marketing as well as to use human resources productively. Common departments of trade and raw material procurement contribute to the effectiveness as well.

The total number of employees of Vilkyškių pieninė AB is 409 employees and together with its controlled Modest UAB and Kelmės pieninė AB, the number of employees amounts to 780.

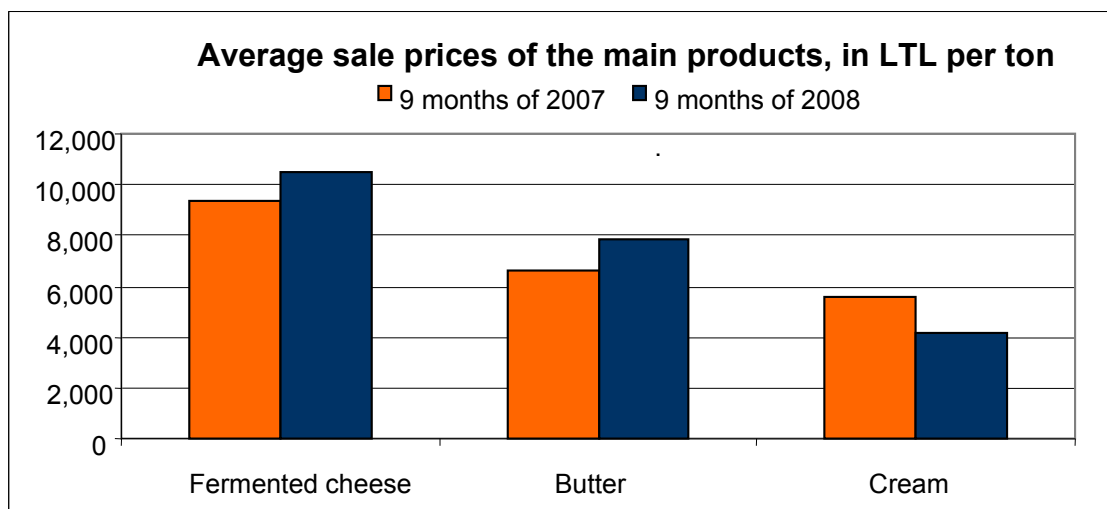
The year 2007 was unconventional and especially successful, over the period of which the demand of dairy products has exceeded the supply, and therefore the prices rocketed up significantly. However, this year the demand has declined and the prices of products have been reduced, as a result the company has suffered losses. The main cause of loss suffered by the group of companies during the 1st half-year was high winter and spring prices of raw materials, whereas cheeses made of which after the ripening were sold at the beginning of summer, when the prices of sale dropped in the markets of export. The prices of dairy products were even lower than in the local market in 2007. The other reason was low prices of dairy products caused by dairy production excess in the Europe, moreover, the possibility to export production into the third countries was slowed down due to low interest rate of US dollar.

The group of companies of Vilkyškių pieninė AB, having suffered almost LTL 9 million of loss over the period of nine months of this year, expects more successful 4th quarter. The company has already sold its production which has been made out of expensive raw materials, and therefore the company should not suffer any losses in the 4th quarter. As Lithuanian markets of dairy export are not reviving and as the conditions of credit are disimproving, Vilkyškių pieninė AB starts reducing its expenditures. The company reduces productive, management and administrative expenses, moreover, the company was forced to abnegate various trainings, consultations and various services and well as some of the investment projects. The company expects that the results of the 4th quarter and of the year will be depended on the effectiveness of reduction of expenses and on unconventional decisions implemented by the group of companies.

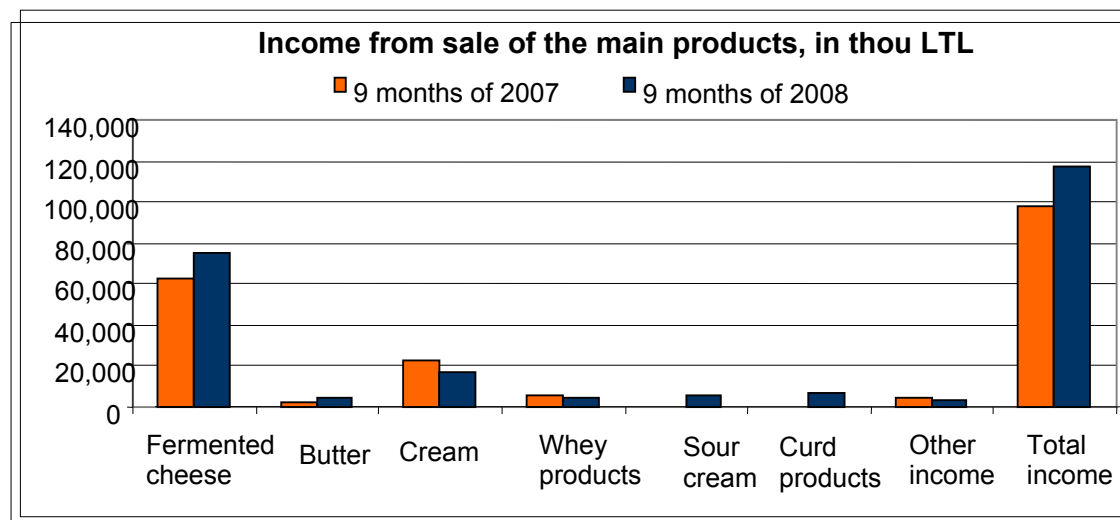
The company plans to carry out the purposeful automation of productive processes and it plans to produce the products which distinguish by higher added value. This year in Tauragė Modest UAB has launched a new line of Mozzarella cheese. Moreover, the company plans to strengthen trademarks of the company itself and of different products both in Lithuanian and in foreign markets. Besides, the company plans to expand its assortment by offering to the market new exclusive kinds of cheese. This summer the company started working in the markets of Balkan countries and in the markets of new EU member-countries.



Quantity of sold main products, in tons	9 months of 2007	9 months of 2008
Fermented cheese	6 631	7 138
Butter	414	612
Cream	4 053	3 988



Average sale prices of the main products, in LTL per ton	9 months of 2007	9 months of 2008
Fermented cheese	9 339	10 475
Butter	6 592	7 824
Cream	5 600	4 185



Income form sale of the main products in thousand LTL	9 months of 2007	9 months of 2008
Fermented cheese	62 243	74 776
Butter	2 729	4 788
Cream	22 698	16 691
Whey products	5 327	4 171
Sour cream	-	6 188
Curd products	-	7 323
Other income	4 843	3 737
Total income	97 840	117 674

Material events

From the 1st of January 2008 shares of Vilkyškių pieninė AB have been quoted in the Official List of Vilnius Stock Exchange.

On the 31st of January 2008 Vilkyškių pieninė AB has concluded the contract on the purchase of 99.09 percent of shares of Kelmės pieninė AB. In March Vilkyškių pieninė AB received the permission from the Competition Board to acquire up to 100 percent of shares of Kelmės pieninė AB

On the 4th of March 2008 Vilkyškių pieninė AB was issued ISO Certificates of Quality Management and Food Safety Management. ISO 22000 Standard of Food Safety Management System demonstrates that food safety risk is controlled in the entire food management chain of Vilkyškių pieninė AB. ISO 9001 Standard of Quality Management specifies requirements for quality management systems, including documentation requirements and requirements for processes of planning, management of recourses, product realization, measurement, analysis and improvement. This certificate demonstrates that a company is capable of managing and improving the quality of its supplied products and services, and its production meets with the requirements of customers and law.

On the 7th of March 2008 the Extraordinary General Meeting of Shareholders decided to increase Company's authorized capital by issuing a new emission of 2,590,000 shares, with

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the redemption price of a new emission not lower than LTL 5.40 per share. The money received from the increase of the authorized capital was used to acquire Kelmės pieninė AB.

The Extraordinary General Meeting of Shareholders decided to increase the number of Management Board members of Vilkyškių pieninė AB to 6 members, electing Linas Strėlys and Andrejus Cybas, who is the representative of Finasta UAB, as new members.

On the 17th of April 2008 Vilkyškių pieninė AB presented the prospectus of share emission registration.

On the 17th of April 2008 Vilkyškių pieninė AB presented to the Securities Commission of the Republic of Lithuania the prospectus of 2 590 000 units of shares emission registration. The Securities Commission of the Republic of Lithuania approved the prospectus and the new emission will be added to the present emission that is being quoted in the market.

On the 28th of April 2008 Vilkyškių pieninė AB finally finished the transaction of Kelmės pieninė AB acquisition and took over the title of ownership to 99.09 % of company's shares. Henceforth the Vilkyškiai Group will consist of the following four companies: Vilkyškių pieninė AB, Modest UAB, Kelmės pieninė AB and Kelmės pieno centras UAB. The results of the Group will be started to be consolidated since the moment of acquisition and they will be reflected already in the financial statements of the 1st half-year of 2008.

On the 10th of May 2008 the prospectus of ordinary registered shares of Vilkyškių pieninė AB was approved.

On the 9th of May 2008 the Securities Commission of the Republic of Lithuania during the meeting approved the prospectus of ordinary registered shares of Vilkyškių pieninė AB, which was intended for the inclusion of these shares into the Official Trade List of Vilnius Stock Exchange. The number of ordinary registered shares was 2 590 000. Total nominal value of the emission was LTL 2 590 000, where the nominal value of one share was LTL 1.

The 30th of May 2008: announcement of a person/group about the acquisition /loss of portfolio of shares.

The 6th of May 2008: announcement of a person/group about the acquisition /loss of portfolio of shares.

Modest UAB, which is a daughter enterprise of Vilkyškių pieninė AB, introduced a new production line of Mozzarella cheese on the 24th of September 2008. The value of the project reaches about LTL 4 million (EUR 1.16 million), LTL 1.5 million (EUR 0.43 million) of which is the support of the European Union. As a result, the company will be able to produce more than 10 tones of Mozzarella cheese per twenty four hours, whereas until now the company produced only 0.5 tones. The company will have the possibility to produce dairy products for local market under better conditions as well as to export the well-liked Mozzarella cheese abroad.